

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

| | | |
|----------------------------|---|---------------------------|
| In re: | § | |
| | § | Case No. 22-60043 |
| FREE SPEECH SYSTEMS, LLC., | § | Chapter 11 (Subchapter V) |
| | § | |
| Debtor. | § | |

DEBTOR'S NOTICE OF CASH COLLATERAL BUDGET FOR JANUARY 2024

FREE SPEECH SYSTEMS, LLC. ("FSS" or "Debtor") files this notice in accordance with the *Seventeenth Interim Order Authorizing Debtor's Use of Cash Collateral and Providing Partial Adequate Protection* [ECF #772] where the Court ordered FSS to file a notice with an attached budget on or before seven days prior to the end of each month.

FSS' cash collateral budget for January 2024 is attached to this Notice as Exhibit A (the "Budget"). The Budget reflects the use of cash collateral consistent with the payment of reasonable and necessary operating expenses of FSS throughout the pendency of this case.

Respectfully submitted.

LAW OFFICES OF RAY BATTAGLIA, PLLC

/s/ RAYMOND W. BATTAGLIA

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Counsel to the Debtor and Debtor-In-Possession

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document was served by the Court's CM/ECF system on all parties registered to receive such service on the date of filing,

/s/Raymond W. Battaglia

Raymond W. Battaglia

| Week Number | 1/1/2024- 1/6/2024 1 | 1/7/2024- 1/13/2024 2 | 1/14/2024- 1/20/2024 3 | 1/21/2024- 1/27/2024 4 | 1/28/2024- 1/31/2024 5 | Total | NOTES |
|--|----------------------------|-----------------------------|------------------------------|------------------------------|------------------------------|-----------------------|---|
| Income | | | | | | | |
| Product Sales (Net of 7.0% Merchant Fee) | \$ 304,920.25 | \$ 358,729.71 | \$ 359,326.60 | \$ 358,132.83 | \$ 197,301.34 | \$ 1,578,410.74 | Net of 5.5% CC Merchant fees. Includes Shipping and Sales Tax, excludes any PQPR / Platinum / |
| New Product Initiative | 95,189.55 | 111,987.70 | 112,174.04 | 111,801.37 | 61,593.24 | 492,745.89 | Drop Ship vendor for Meals Ready to Eat and Coffee, gross sales |
| Point of Sales Revenue | 33,188.49 | 39,045.28 | 39,045.28 | 39,045.28 | 21,474.90 | 171,799.23 | Fulfillment Vendor Product Sales |
| Platinum / PQPR Commissioner | 37,641.54 | 44,284.16 | 44,284.16 | 44,284.16 | 24,356.29 | 194,850.30 | Net of 50% payment to PQPR |
| Donations | 750.00 | 1,250.00 | 1,250.00 | 500.00 | 500.00 | 4,250.00 | |
| Total Income | 471,689.82 | 555,296.85 | 556,080.08 | 553,763.64 | 305,225.77 | 2,442,056.16 | |
| Selling & Product Costs | | | | | | | |
| Inventory Purchases | - | (200,000.00) | - | (250,000.00) | - | (450,000.00) | Inventory deposits and purchases from numerous Vendors |
| New Product Initiative | (71,392.16) | (83,990.78) | (84,130.53) | (83,851.03) | (46,194.93) | (369,559.42) | Payments to Meal Ready to Eat Vendor |
| Point of Sale Product Cost | (19,913.09) | (23,427.17) | (23,427.17) | (23,427.17) | (12,884.94) | (103,079.54) | Fulfillment Vendor product costs |
| Fulfillment Services | (41,164.23) | (48,428.51) | (48,509.09) | (48,347.93) | (26,635.68) | (213,085.45) | Fulfillment Vendor shipping and handling costs |
| Texas Sales Tax (20% of Sales @ 6.25%) | (3,811.50) | (4,484.12) | (4,491.58) | (4,476.66) | (2,466.27) | (19,730.13) | |
| Total Cost of Goods Sold | (136,280.99) | (360,330.58) | (160,558.37) | (410,102.79) | (88,181.82) | (1,155,454.54) | |
| Operating Expenses | | | | | | | |
| Advertising & Promotion | | | | | | | |
| Print Media | - | - | - | - | - | - | |
| Radio Show Advertising | - | - | - | - | - | - | |
| Total Advertising & Promotion | - | - | - | - | - | - | |
| Computer/IT/IP Expense | | | | | | | |
| Internet & TV services | (2,500.00) | (1,750.00) | (3,250.00) | (3,250.00) | (1,750.00) | (12,500.00) | |
| Server Hosting / Cloud Service / Ecomm | (90,000.00) | (15,000.00) | (50,000.00) | (40,000.00) | (10,000.00) | (205,000.00) | |
| Satellite Service | (140,000.00) | (15,000.00) | (15,000.00) | (15,000.00) | - | (185,000.00) | |
| Telecommunications | (18,500.00) | (2,000.00) | (7,000.00) | (5,000.00) | (5,000.00) | (37,500.00) | |
| Image License, Software & Other | (10,000.00) | (10,000.00) | (10,000.00) | (7,500.00) | (2,500.00) | (40,000.00) | |
| Total Computer/IT/IP Expense | (261,000.00) | (43,750.00) | (85,250.00) | (70,750.00) | (19,250.00) | (480,000.00) | |
| Office & Administrative Expense | | | | | | | |
| Bank Fees & Service Charges | (100.00) | (200.00) | (200.00) | (200.00) | (100.00) | (800.00) | |
| Insurance | (12,000.00) | - | - | - | - | (12,000.00) | Liability, auto, property and workers comp |
| Rent | (57,440.00) | - | - | - | - | (57,440.00) | |
| Utilities | (3,100.00) | (800.00) | (500.00) | (500.00) | (500.00) | (5,400.00) | |
| Janitorial | - | (3,500.00) | - | - | - | (3,500.00) | Quarterly Cleaning fees |
| Office Security | (10,500.00) | (9,500.00) | (9,500.00) | (9,500.00) | (5,428.57) | (44,428.57) | |
| Repair & Maintenance | - | - | (5,000.00) | - | - | (5,000.00) | |
| Supplies/Printing/Copy | (1,000.00) | (1,000.00) | (2,500.00) | (2,000.00) | (1,000.00) | (7,500.00) | Includes Konica Minolta copier lease |
| Business Meals | (1,000.00) | - | (500.00) | - | (500.00) | (2,000.00) | |
| Total Office & Administrative Expense | (85,140.00) | (15,000.00) | (18,200.00) | (12,200.00) | (7,528.57) | (138,068.57) | |
| Personnel Expenses | | | | | | | |
| Salaries & Wages & Benefits | - | (157,500.00) | - | (157,500.00) | - | (315,000.00) | |
| Payroll Tax | - | (14,600.00) | - | (14,600.00) | - | (29,200.00) | |
| Contract Employees | (5,000.00) | (14,500.00) | (5,000.00) | (32,450.00) | (3,500.00) | (60,450.00) | |
| Consulting Services | (3,850.00) | (5,000.00) | (3,850.00) | (5,000.00) | (2,500.00) | (20,200.00) | HR, Tax and Bookkeeping Fees |
| Alex Jones Salary | - | (25,000.00) | - | (25,000.00) | - | (50,000.00) | Per the 11/27 Hearing, Jones Salary will be \$25,000 per pay period |
| Total Personnel Expenses | (8,850.00) | (216,600.00) | (8,850.00) | (234,550.00) | (6,000.00) | (474,850.00) | |
| Travel | | | | | | | |
| Mileage/Parking/Tolls | (100.00) | (100.00) | (100.00) | (100.00) | (50.00) | (450.00) | |
| Special Event Travel & Security | - | (18,500.00) | - | (17,000.00) | - | (35,500.00) | Alex Jones Podcast Appearance and Convention Appearance |
| Travel / Lodging | - | - | - | - | - | - | |
| Vehicle Rental / Leases | (500.00) | (500.00) | (500.00) | (500.00) | - | (2,000.00) | |
| Total Travel Expenses | (600.00) | (19,100.00) | (600.00) | (17,600.00) | (50.00) | (37,950.00) | |
| Total Operating Expenses | (355,590.00) | (294,450.00) | (112,900.00) | (335,100.00) | (32,828.57) | (1,130,868.57) | |
| Non-Operating Expenses | | | | | | | |
| Adequate Protection Payment to SEC Bank | (2,750.00) | - | - | - | - | (2,750.00) | |
| Total Other Expenses | (2,750.00) | - | - | - | - | (2,750.00) | |
| Professional Fees | | | | | | | |
| CRO Fees | - | - | - | (50,000.00) | - | (50,000.00) | |
| CRO Expenses | - | - | - | - | - | - | |
| Trustee Fees | - | - | - | (30,000.00) | - | (30,000.00) | |
| Trustee Counsel | - | - | - | (50,000.00) | - | (50,000.00) | |
| Legal Fees - Reynal | - | - | - | - | - | - | |
| Legal Fees - Tax Consulting | (25,000.00) | - | - | - | - | (25,000.00) | |
| Legal Fees - Texas Appellate Counsel | - | - | - | - | - | - | |
| Discovery Data Processing Fee | - | - | - | (8,000.00) | - | (8,000.00) | |
| Ray Battaglia | - | - | - | (70,000.00) | - | (70,000.00) | |
| Total Professional Fees | (25,000.00) | - | - | (208,000.00) | - | (233,000.00) | |
| Total Cash Flow | (47,931.17) | (99,483.73) | 282,621.71 | (399,439.15) | 184,215.38 | (80,016.95) | |
| Ending Cash | 2,267,695.07 | 2,168,211.35 | 2,450,833.05 | 2,051,393.91 | 2,235,609.29 | | |

EXHIBIT

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